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or, The Stockbridge plan
Stockbridge, Mass.


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The Stockbridge Booklets on Socialism.

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Box 161

Industrial Reconstruction

or

The Stockbridge Plan

By David C. Reid

Author of "Effective Industrial Reform." and Editor of
The Stockbridge Booklets on Socialism

Read carefully and Preserve

W. H. Carpenter.

2-24

Price 10 cents

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Published March, 1912*

Printed by Eagle Printing and Binding Co.
Pittsfield, Mass.

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INTRODUCTION

The grand aim of socialism is to abolish every cause of injustice and wrong and to build up a just society on earth with a just and efficient social order that will make injustice and wrong forevermore impossible.

The chief source of injustice and wrong in America today lies in our industrial system. To reconstruct our industrial system, therefore, and so secure justice and fair-play for all in the struggle for bread is the *first great task* of the socialist party.

In the accomplishment of this task, the socialist party has confined its efforts in the past to a criticism of the present industrial system and a proclamation of the abstract principle,—namely, industrial democracy,—by which it hopes to remedy present wrongs. *It has never yet worked out the concrete plan* by which to remedy present wrongs and put the abstract principle of industrial democracy into successful operation.

The peculiarity of the discussion contained in this booklet lies in that it not only *points out the source of present wrongs*, but it also *unfolds the concrete plan by which these wrongs shall be abolished*.

Dec-12, 1914, A.C.T.

CHAPTER I.

OUR PRESENT SYSTEM—ITS DEFECTS AND EVIL FRUIT.

It is a fact that there is nowhere justice or fair-play today in the struggle for bread and the acquisition of wealth. More than seventy percent of the American people work hard. They are thrifty and saving, and yet they remain very poor, while others who do no work, are fabulously rich. It is also a fact that our industrial system has been converted into an instrument of oppression and plunder and a financial oligarchy has enthroned itself over us.

The cause of these evils is not far to seek.

It is commonly said that American institutions are democratic, and that, therefore, the evils from which we suffer in the industrial world are the price which we pay for democracy. No greater misstatement was ever made. For our government is, indeed, in its foundation, democratic and our school system is also democratic; but our industrial system is not democratic at all. *It is based upon the principle of pure individualism and anarchism. There is nothing democratic about it.*

For industrial democracy implies the ownership and control of the whole industrial world by the whole people, collectively, organized by law into a single business corporation to that end. But the industrial world has never been owned and controlled by the whole people collectively, nor have the people ever been constituted into a single business corporation for that purpose. Indeed, when our government was formed our fathers had no desire for such industrial democracy and we have always repudiated it.

What our fathers desired was simply the abolition of all special privilege. They desired to make the struggle for wealth to be a free-fight-for-all, in which each man was to be given theoretically, equal fighting chance with his neighbor, and then to let the best man come out on top. And this policy they deliberately adopted.

Furthermore, under the fallacious plea, that in a competitive, free-fight-for-all policy, justice would be self-acting, conscience itself was repudiated as an unnecessary factor in the industrial world. Each person was told to plunge into the struggle for wealth undeterred by any principle of justice or fair-play. These would take care of themselves. And the motto adopted by all was—Let him take who hath the power and let him keep who can.

Now, if that is not a system of pure industrial individualism and anarchism, of the worst kind, it is hard to say what industrial individualism and anarchism are. And, hence, the evils from which we suffer are not the price which we pay for industrial democracy but for its negation.

For what was the immediate and inevitable fruit of this mad anarchistic policy? It was, *first*, just what we would naturally expect. It plunged the whole business world into a mad, individualistic scramble for wealth in which all justice was simply impossible. Wages, salaries, prices and dividends were fixed by no principle of justice, but by the relative power of the parties concerned to demand what they would. Business was converted into a mad scramble for gain with no regard for justice or the welfare of the people. Bands of financial buccaneers sprang up on every side intent only on schemes of public plunder. The best land within and around our growing cities was seized by far-seeing men and held for the exaction of enormous tribute. Our growing manufactures,

our vast transportation system and our markets were all seized by the same class for the same purpose. The very amusements of the young have been seized, corrupted and commercialized to the ruin of the young and for purposes of gain. Politics were early corrupted and city councils and the several state, and the national, legislatures were shamelessly bribed for special appropriations and special privileges. Organized robbery became a regular factor in the game.

How could justice obtain under such conditions? And what chance was there in such a lawless struggle for the workingman or the working girl, or the farmer or the teacher in the public school?

But, *second*, in this fierce competitive warfare, it soon developed that a certain class,—the so-called capitalist class,—had every advantage, while another class—the wage-earner,—had no advantage at all. The result was the creation at once in this country of the same fierce conflict between the two antagonistic classes of Capital and Labor as existed in Europe; and this has increased in fierceness, until today, it has brought this nation to the verge of a bloody revolution.

Third. But this is not all. When strong men are engaged in fierce competitive battle for power, stronger and still stronger combinations of men will arise, until a combination is formed that is able to appropriate and acquire control of the whole field. This is just what has taken place in these United States in the course of our industrial evolution and struggle for power. For in the fierce competitive battle to which our anarchistic policy has given birth, stronger and still stronger combinations of men have been formed *within the capitalist class*, until today we are confronted with the terrible fact that *a single all-powerful financial oligarchy controls the whole industrial world with despotic sway*.

Thus anarchism has given birth to despotism. And the "class-struggle" is no longer between the mere wage-earner, on the one side, and the capitalist class on the other, but between this merciless oligarchy which has grasped all power, and *the whole people of these United States*; for the whole people have come to be the helpless victims of this all powerful oligarchy at the top. Even bankers and other men high in the business world, stand in dread of this new despotic power.

2.

The grand agent through which this sovereign power of control is chiefly obtained and exercised is *the modern consolidated business corporation*. For the necessary agent of cooperative action and control in the industrial world is the business corporation. It sustains the same relation to the industrial world as civil government to the political; it is the grand agent of industrial cooperation, consolidation and control. And just as civil government has come up from small beginnings, so has the business corporation, until today, it has come to be almost as strong as government itself; and the whole industrial world has practically come to be consolidated and brought under the control of one vast business corporation.

And yet the business corporation, in the beginning, was not designed for plunder, but to secure in a particular way what socialism seeks to secure in a universal way, namely, cooperative action and control in the business world. But in the absence of all collective control,—while the people have been asleep, or insanely warring with each other,—a band of astute men have acquired supreme ownership and control of the consolidated business corporation and, through that, they plunder and oppress the people without mercy. Thus industrial anarchism has given birth to industrial despotism. But the fault was

not in the business corporation but in the stupor of the people which allowed a band of astute men to vault into supreme control. Just as in Russia a band of astute men acquired irresponsible control of church and state, and prostituted them to oppression and plunder, so an all-powerful group of men in America has acquired irresponsible control of the business corporation and prostituted it to the enslavement of this whole nation.

Thus, it is a fact that there exists in America today an all-powerful financial oligarchy which has the power to plunder and oppress the people without mercy. What are the different elements of its power?

First. It has the power to fix the people's wages and its own salaries with despotic sway and take to itself the lion's share. It is able also to say who shall work and who not, and the people have no means of effective protest.

Second. It is able to fix all rents and all prices and to control all markets, and thereby exact unlimited tribute from all classes.

Third. It controls all investments and is able to exact large dividends—from 20% to 100% and even 200%—on its own capital and pay very low dividends—from 3% to 4%—to the people. It is also able to rob the people of both principal and dividends and so make it impossible for the people to invest their savings in their country's industries with either safety or profit or permanency.

Fourth. It is able to hand down this power of control and consequently this power to exact tribute to its descendants and so load its luxury-loving families onto the backs of the people to ensuing generations.

And fifth. Through its control of the material sources of life and wealth, it has enslaved all classes to itself, through fear, and inaugurated a real reign of terror. No person who hopes for financial success or seeks for elevation to any high position, in school or church or state, dares offend this oligarchy in control.

3.

The evil fruit of this Capitalist oppression and terrorism is already manifest.

It has resulted in the destruction of the home in the lower third of human society; woman instead of being the keeper of the house and the joyful mother of children, is forced to become a wage-earner to live; hundreds of thousands of children are forced into the factories contrary to law; more than a half a million of girls are led largely through conditions created by economic pressure into bondage to the white slave traffic; rural degeneracy is keeping pace with urban degeneracy, through the operation of the same baleful economic causes; teachers in our schools and other most useful members of society are made the helpless victims of the same proud capitalist class which has grasped all wealth and power.

But still farther. This capitalist autocracy has corrupted the whole realm of human society and made farther progress impossible until capitalist autocracy is overthrown. For it has corrupted the business world and sacrificed all honesty and patriotism to the greed for gold; it has corrupted the voter and made bribery well-nigh universal; it has corrupted both the state and national legislatures and made them the agents of graft and the servants of special privilege against the welfare of the people; it has allied itself, for purposes of power with those who commercialize and perpetuate vice and crime, and it will permit no efficient remedy to be applied; it controls immigration and brings in, solely for purposes of gain and in order to depress wages, an unlimited supply of foreign immigration with no regard to the welfare of the immigrant or the good of the country or the rights of the people already here; through the power which it holds over the economic necessities of the people it has practically enslaved all classes to itself and made it impossible for any

man to succeed in business or any other calling unless he becomes subservient to the capitalist class against the welfare of the people and the laws of God.

Finally. This capitalist oppression, outraging as it does, every sense of justice, is creating a condition akin to social war. The night-riding among the farmers of the South, the dynamite outrages East and West, and the constant labor strikes which ever increase in violence, are the direct fruit of capitalist oppression and terrorism; and they are the precursors of a terrible bloody revolution unless by peaceful means these wrongs shall be righted. Either America must destroy capitalist autocracy or capitalist autocracy will destroy America.

CHAPTER II.

HOW TO OVERTHROW INDUSTRIAL AUTOCRACY
—OUR CONCRETE PLAN.

But how shall we overthrow industrial autocracy and remedy present wrongs? We shall never remedy present wrongs by going back, through the enforcement of the Sherman anti-trust law, to the competitive system of the past. For even if that were possible, it would take us back only to that system from which all our troubles have sprung.

In order to remedy present wrongs, the people must combine and by the power of the ballot, introduce *a new industrial system* based upon *a new industrial principle*.

Our present system is based as we have said, upon the principle of "a free-fight-for-all" with the expectation that the best man should come out on top. But this principle is fit only for savages and barbarians, and can issue only in injustice and strife, and in the establishment of a merciless autocracy over us.

Now, in order to remedy present wrongs, we must introduce a new industrial system, based upon a new industrial principle, a principle that is more rational and enlightened than that of individualistic strife and war. In short, in the place of industrial anarchy on the one hand, and industrial despotism on the other, we must introduce a real industrial democracy. *But how shall this be achieved? What is our concrete plan?*

The grand agent through which practically all our industries are carried on and controlled today is the *modern consolidated business corporation*. For the consolidated business corporation has come to be to the industrial world what government is to the political. It is the instrument of industrial consolidation and control. For whosoever

owns and controls the consolidated business corporation owns and controls the business world and all that that implies.

In its primary aim the business corporation as I have said, had nothing to do with spoliation. Indeed, it aimed to secure in a particular way, what socialism seeks to secure in a universal way, namely, organized cooperation in the place of competition and war in the struggle for bread.

But in the vast growth of the modern industrial world and its rapid consolidation into one organized whole, astute men saw the immense power contained within the business corporation, and, while the people have been asleep or insanely warring with each other, a band of astute men have acquired sovereign irresponsible control of the business corporation, even as a band of men have acquired sovereign control of the state and church in Russia, —and prostituted it to be the instrument of oppression and plunder.

The key, therefore, to the solution of the present industrial problem lies in the ownership and control of the business corporation. For the modern business corporation is the very citadel of industrial consolidation and control. It is through the control of the business corporation that a few men are able to oppress and plunder the rest. It is through their ownership and control of the corporation that they are able to control every industry to their own profit; fix all wages and salaries with despotic sway and take to themselves the lion's share; fix all rents and prices and use them for the exaction of tribute; acquire control of the peoples' invested savings and rob them of both principal and dividends; and it is through the business corporation that they are able to load their descendants onto the backs of the people to unending generations.

Do we ask then, how shall the people overthrow industrial autocracy and make the people to be masters of

the industrial world? I reply, that in order to achieve these ends, we must not turn our industries over to the government, as is advocated by some; but *the government must turn the consolidated business corporation over to the people, and, through that, make them to be masters of the whole industrial world.* In other words, *the people collectively must be the business corporation, with power to acquire, own and operate the whole industrial world in the interests of justice and efficiency and for the profit of all.* And this is the new concrete principle which we must introduce into our industrial system,—*the people to be the business corporation, and the power to own collectively every plant and to fix wages and salaries, rents, prices and dividends and operate the whole industrial world,—to be placed absolutely within their hands.*

Thus, the people who have already acquired control of the government and the public school must now acquire sovereign ownership and control of the business corporation and so acquire control of the whole industrial world. There is no other way by which to overthrow industrial autocracy and bring justice and fair-play to all in the struggle for bread.

3.

But, in the second place, in order to make this policy or principle successful, this people's business corporation must be constituted after strictly business principles, and perform every economic function.

Many people seem to think that in order to remedy present wrongs all that is needed is to vote public ownership and the trick is done. But any and every plan will not do. We must have public ownership, indeed, but we must organize the new system after *the right concrete plan*, or public ownership will not save us.

What is the right concrete plan? Every industrial

system that is to remedy present wrongs must do at least three things for each thrifty man.

First, it must provide him with work at a just wage.

Second, it must supply him with needed utilities at a fair price.

Third, it must provide him with a place where he can invest his savings in his country's industries, make them work for him and thereby free himself from the slavery of toil.

No system that fails to achieve any one of these three functions, will meet the demands of the thrifty and industrious. And the last of these functions must in no case be omitted, for it crowns and completes the other two. For it is only by being enabled to save and invest one's savings in the industries of the country, with safety, profit and permanency, that each man can acquire independence, prepare for sickness and old age, and free himself from the slavery of toil.*

Hence, we perceive the importance in the reconstruction of our industrial system, of being careful to embody in it, each one of these three functions. And we see also why *the plan embodied in the United States mail, will not do.* For while it will supply all with work at a just wage and provide commodities at a fair price, yet *it will afford no place where we can invest our savings and earn a dividend.* It will in short cut off the crowning function of our economic life.

We see, then, the supreme importance not only of making the people to be the business corporation, but also of constituting the business corporation *after strictly business principles.* *We must have the right concrete plan.*

*Note:—It has been mistakenly affirmed by some, that all dividends are the plunder which capital exacts from labor and, therefore, should be abolished. For a refutation of this affirmation, see Booklet No. 11.—*Capital and Profits.* (Price 10 cents)—or see "Effective Industrial Reform," Chapter XII. (Price \$1.35).

3.

What, then, we ask, is our concrete plan of industrial reconstruction? What are the specific demands which we make in order to overthrow industrial autocracy and remedy present wrongs?

In the first place.—We demand that the government from town to nation shall constitute the people, by law, into a single, Consolidated Business Corporation, with authority to acquire, own and operate every industry which the welfare of the people may demand; and that the whole industrial world shall be consolidated and placed under the people's sovereign ownership and control.

Here, for example, is a town held within the predaceous grasp of an Electric-light corporation. Now, how shall the town free its people from such predaceous grasp? In order to achieve this end, I affirm that the town must constitute the whole people, by law, into an Electric-light corporation with authority to acquire, own and operate its own Electric-light plant. In short, the people must be their own Electric-light corporation. And so must they be for every other industry, from town to nation. The people must be their own corporation; and ultimately they must collectively own and operate every industry for the benefit, not of the few, but of all.

As Socialism rightly affirms, *in order to remedy present wrongs, "the instruments or agents of production"—that is, the great industrial plants—"must be collectively owned and operated."* But how shall this be achieved? I reply,—by making the people collectively, by law, to be the Business Corporation, and putting every plant under their immediate and sovereign ownership and control.

In the second place.—We demand that in the acquisition of each plant or industry, the capital shall be *individually subscribed and owned*, just as in the private corporation, and that each citizen shall be *required by law* to

subscribe his proper quota,—giving each time, if he cannot pay it all in at once. *For we affirm that each man, if he is to fill his place, must be a capitalist owner as well as a worker in the industrial world.*

In order to make this capital secure, we demand that the government guarantee shall be placed behind every dollar invested.

If, in the introduction of this plan, the people are not able to subscribe at once all the capital needed—which will be the case,—the government shall be required to subscribe or give its bond for the remainder, and the plant shall at once be taken over and placed in the immediate ownership and administration of the people.

But as soon as the people are able, this amount that has been supplied by the government, shall, of course, be taken up and subscribed by the people individually as this plan requires.

Thus, we shall make each man to be a sovereign capitalist factor and shareholder in the consolidated business corporation.

In the third place.—We demand that dividends shall be paid on all the capital invested just as in the private business corporation—and that the government shall guarantee a minimum dividend of, say 5%, and as much more as we can make our industries pay, up to say 10%,—the government to receive, of course, the dividends on the amount that it has subscribed, like any other investor, until such amount shall be taken over by the people.

We make this demand because we affirm that *Capital is productive, and every man should receive the full earnings of his capital as well as the full product of his labor.**

By this provision, we shall also secure justice to every

*See Booklet on—*Capital and Profits* by David C. Reid. (Price 10 cents).

investor and make it possible for every man to free himself from the slavery of toil.

In the fourth place.—We demand that the people shall have authority to elect and call to account their own directors, or better, the president of each plant. But we demand that no man shall be a candidate for any such office unless he shall be a graduate of some approved school of business and technology, and shall have served a prescribed term of years in a lower position sufficient to put his ability to the test; and, second, that no man shall vote for such director or president, unless he shall have paid in a certain prescribed part, as say one-tenth, of his required quota of the capital.

In the fifth place.—We demand that justice shall be secured in relation to wages, and salaries by having them fixed, relatively,—not by competition, but rationally, according to justice, by a Board of commissioners chosen annually to that end.

In the sixth place.—We demand that adequate rules shall be made to protect each man's right to invest equally with every body else. We shall make it so that if a man should, through evil habits, fail for a time to invest his quota, yet should he reform and come to the industrial office, he could then begin to invest his full quota.

For an enumeration of these Rules and Regulations we must refer the reader to—“*Effective Industrial Reform*,” (Chap. VIII). Suffice to say here that each man's investment or “stocks” shall always be at par; there shall be no buying and selling of “stocks” between man and man whatsoever; each man shall come to the industrial office and pay in his money and that shall be the end of the matter so far as his investment is concerned.

Each man's investments shall be classified into Preferred investments and Surplus bank deposits.

Each man's Preferred investments shall be limited to

a certain prescribed amount—corresponding to the aggregate capital of the country, as, say, to \$500 per year, until his full aggregate quota is in, as, say, \$15,000, (for self and wife). There shall be no limit to the Surplus which a man may deposit in the public bank—only this surplus shall draw no interest until all the Preferred investments are provided for. Investments may be withdrawn at any time providing the Surplus bank deposits permit it. But in all such cases of withdrawal, the money may be re-invested at any following investment time at the option of the investor.

In the seventh place.—We demand that each man shall be allowed to convert his savings into an annuity which shall embrace a fixed and a variable part,—to be paid to himself or wife during life, or at death to his orphaned children until they come of age; or each investor may, so long as present laws of inheritance exist, continue to draw his regular dividends and, at death, allow his capital to go to his heirs. But when a man dies we demand that all his capital shall be paid in cash (or in the form of a surplus deposit) to his heirs; for when a man dies, his capital must go out with him, to give place to the next generation. We shall thus prevent any man's loading his children onto the backs of the people to unending generations, as is done today.

In the eighth place.—We demand that the members of each new generation shall be called upon, when coming of age, to invest their regular quota, from year to year, and so take the place of those who die.

In the ninth place.—We demand that our public school shall be correlated with this plan. We shall train every child for life and make each to be, as far as possible, an expert worker in his vocation, even though it be only that of the digger of a ditch. And we shall train each child in the principles of economic justice and industrial democracy as embodied in this plan.

In the tenth place,—We demand that this plan, when it shall be adopted by a majority vote, shall be introduced by law and carried out by law.* It is to be no voluntary thing, subject to individual choice or caprice. When it is once adopted by a majority vote, its introduction and operation shall be compulsory, like our public school system or our Post office, and the whole people shall be required to stand or fall with the consolidated business corporation.

4.

Such are the fundamental features of our concrete plan of industrial reconstruction. Its distinguishing characteristics are,—first, *it makes the whole people collectively by law to be the consolidated business corporation*, and secondly, it organizes this consolidated business corporation *after strictly business principles*; in particular, *it gives to capital and profits their true place and function*.

In taking over a private industry, we declare our willingness to acquire ownership of all industries by *honest purchase*. But we refuse to pay for watered stock, or full cost for worn-out or looted industries. We also declare our purpose to force men to relax their grip on stock that can be shown to have been gotten by fraud or dishonest profits. By the enforcement of this measure, we shall be able to compensate those who might otherwise suffer in the process of readjustment and we shall *provide annuities for all aged workmen* and others who have been left helpless by the present evil system. We demand that a *Board of Equity* shall be appointed to investigate and adjudicate this whole matter according to justice.†

*Note:—Certain reviews of my book,—Effective Industrial Reform—have misrepresented its character as teaching a phase of "Christian Socialism" to be introduced by moral suasion.

†When we reflect that the present great fortunes have all been gotten by violations of law and that more than one man is credited with having grasped two billions each, the imperative need of this *Board of Equity* is apparent.

In the acquisition of a new industry, the following measures shall be taken. *First*, the government shall appoint a Commission of experts carefully to appraise and report on the true value of any one or all the industries which the people have decided to acquire. *Second*, the government shall then call upon each citizen to subscribe and pay in his quota of the Preferred stock investments, and to say how much of surplus deposits he is willing to make. *Third* the government shall then be required to subscribe or give its bond for an amount sufficient to make up the full quota of capital demanded,—which shall be paid in cash or annuities, to such persons as the *Board of Equity*, with government approval, shall direct. *Fourth*, the desired industries shall then be taken over, at once, by the government and placed in the possession and management of the people.

5.

Such is the concrete plan which the people must adopt, if they are to overthrow industrial autocracy and remedy present wrongs.

(I.) For we affirm, in the first place, that this plan of industrial reconstruction is perfectly safe and perfectly practicable and could be put into operation tomorrow, if the people so desired.

It is perfectly safe, for the government guarantee will be behind every dollar invested. And the plan is perfectly practicable, for since the government guarantee will be behind every investment and will guarantee a minimum dividend of at least 5%, and since the government will borrow or give its bond for all the surplus capital needed, it will be possible, as expert financiers affirm, to obtain the funds sufficient to take over any one or even ALL the consolidated industries of our country tomorrow, if the people shall so desire.

Farthermore, when this is done, we affirm that every thrifty man shall be enabled speedily to acquire and invest his quota of the needed capital and begin to reap his share of the dividends. For when the people shall thus come into power, by cutting in two exorbitant salaries* now paid to the men at the top, by eliminating graft, by saving the dividends now paid to watered stock, by increased efficiency, we can and shall so increase the wages paid to labor and so reduce prices, that every thrifty worker shall be able speedily to buy and own his full quota of the aggregate capital, and share in its rewards.

(II.) The adoption of this plan will overthrow industrial autocracy, root and branch, and destroy every element of its power. For, as we have seen, the power of the capitalist class to oppress under the present system, lies in the fact that the present system gives to this class the power to *fix all wages and salaries with despotic sway and take to itself the lion's share,—to fix all prices and thereby exact boundless tribute,—to control all investments and rob the investor of both capital and dividends. But the adoption of this plan will take every one of these elements of power from the capitalist class. And the power to fix all wages and salaries and prices and dividends shall be placed forever within the hands of the people. Hence, all gouging will cease and justice shall be done.*

(III.) *And this plan will emancipate the worker.* For this plan will make the whole people collectively to be the business corporation. But who constitute the vast majority of the people? Is it the small band of astute men who now plunder and oppress us? No. The vast majority of the people of these United States are the workers of

*Note:—By reducing the \$100,000 salary of a single high official to \$50,000, we could add \$200 a year to the wages of 250 men. By reducing to the same extent the salaries of four such officials, we could add \$200 a year to the wages of 1000 common workers.

hand and brain,—the wage-earners, the farmers, the teachers in the schools, the clerks and smaller business men. Hence, when once we make the people to be the business corporation, it means that the workers will be for the first time in human history, industrially supreme.

(IV.) This plan will preserve the institution of *private property and individual ownership of capital* just as today.

For under this plan, each man will continue to *own his own individual capital*, just as today. The only difference will be that whereas today, we invest our savings in the irresponsible, private corporation, under this plan we will invest them in the responsible and perfectly safe public corporation. But the individual ownership of capital will continue just the same, and be as real, as today. This plan, therefore, will, *in no case, abolish private property nor the independence which private property gives.* It will, on the contrary, preserve private property and make it far more secure than now. For every man will not only own his own capital, just as today, but he shall also, if he so desires, own his own house, his own automobile and everything else, just as today. The objection, therefore, often justly made, that socialism will abolish private property, is entirely removed by this plan.

(V.) And this plan will challenge criticism as no other plan can, and successfully meet every objection.

It is sometimes charged that socialism will enable the idle and shiftless classes to forcibly load themselves onto the backs of the industrious. And this fear, is no doubt one thing which keeps many persons from embracing socialism. But this result can never occur under the plan which I am advocating. For since, in this plan, we shall keep a record of the amount of work which each man performs and pay him only for the work which he does, and since each man will be required to pay justly for all that he buys, and since each shall receive a dividend only on the

capital which he has actually invested, and since under this plan there will be no free pensions, it will be simply impossible for any body to load himself undetected onto the backs of the industrious.

Neither will it be possible for the incompetent to vault into supreme control and so ruin the business. For, in the first place, in this plan, no one will be allowed to be a candidate for any directorship or high position unless he has passed through some severe prescribed school of industrial training and had a prescribed experience in a lower position—sufficient to test his ability. And secondly, this plan will create such an intense individual interest on the part of each voter,—for every voter will be a sovereign capitalist factor in the business corporation,—as to preclude the possibility of an incompetent person's being elected to any office of responsibility or, if so elected, he will be speedily recalled. For every person,—the busy housewife, the keen and alert business man, the thrifty worker,—all, will have their savings invested in this consolidated business corporation and their dividends at stake. Each voter will stand or fall, financially, with the corporation. Hence, on the least lowering of dividends, or the least rise of prices, or a fall in wages,—which will infallibly occur, if incompetency vaults into control.—there will be at once, an outcry from *the whole people*, and the incompetent official shall be peremptorily recalled.

Objections have been made to socialism, on the ground that before it can be made successful, we will have to "reform Tammany," or "change the government," or "reform human nature." But under this plan, our business system will have no connection with Tammany, and while like the public school system, it shall be introduced and enforced by law and the government guarantee will be behind each investment, yet it will have no administrative connection with any government official, neither will it re-

quire any change in human nature to make it successful. Indeed, instead of having to do any of these things in order to make our plan successful as is claimed by objectors, it is the introduction of this plan, which will put Tammany out of business, reform the government, and regenerate the nature of man.

Finally, objection has been made to socialism on the sweeping charge that, under public ownership, business has never been so successfully conducted as under private ownership. But, even if this charge be true, it can be shown that it will not apply to this new plan. For in every form of public ownership tried heretofore, the motive that is necessary to secure careful management and control,—namely, the investment of individual savings for the earning of dividends,—has been eliminated, and of course there has been more or less of graft and failure. But in this new plan, this fundamental motive shall not be eliminated, but intensified and multiplied a million-fold, for every man shall be a capitalist factor in the consolidated business corporation;—every man shall be on the alert, as I have already shown, to secure the best management possible, and to eliminate graft and achieve the greatest results.

(VI.) Finally, this plan, viewed merely as a business proposition, offers a most attractive thing to all classes in the United States, except of course to the oligarchy in control.

For, *first*, when once this plan has been fully established, we shall cut down the big incomes at the top and increase the wages of the men at the bottom until the latter shall receive double what they do now. *Second*, we shall reduce rents and prices until the cost of living shall be much lower than now. *Third*, we shall secure to all equal power to invest and, guaranteeing a dividend of 5%, we shall soon raise it to 10%.

Finally, as a result of these changes every thrifty man will speedily free himself from the slavery of toil.

For even if the wealth of this country were not increased, yet, under this plan, every thrifty man can acquire at forty-five or fifty years of age, from \$10,000 to \$15,000 of the Preferred capital stock of this country;* and since on this capital, he can receive as can be easily proven, a dividend or annuity of at least 10%, the income of each thrifty person over and above his wages, at fifty years of age will be from \$1000 to \$1500 a year.

6.

The adoption of this plan will, therefore, abolish poverty, so far as poverty is the result of financial wrong. It will abolish forever the warfare between capital and labor; for in this plan every citizen will be both capitalist and laborer and no man will go to war with himself. It will abolish political corruption, so far as political corruption is the product of industrial corruption. It will preserve the family and save the home by giving them an adequate economic foundation on which to exist.

And this plan will convert the struggle for bread and wealth, from being, as it is today, a fierce competitive battle, in which the strong contend with the strong and the people are ruthlessly trampled under foot, into a peaceful yet vigorous, co-operative effort. And while this plan shall be conducted on strictly business principles and will make every man do his part and be responsible for himself, yet it will make JUSTICE to be the fundamental law of all; and all will work together to obtain for each his full share of life's utilities and oppress none.

Thus we perceive that industrial democracy, as advocated by this plan, is perfectly practicable and that every wrong resulting from the present system can be

*Note:—If the wealth of this country were justly distributed, according to thrift and age, it would give to each thrifty man and wife, at 45 years of age, at least \$15,000. That thrifty couple, therefore, who possesses nothing at 45 years of age has been robbed in some way, of this amount.

cured. Since this is so, for any one to plead for the continuation of the present system of injustice and plunder, is the height of servility and folly. Such a man is better fitted to live in despotic Russia, than to be a free citizen of these United States.

In conclusion, we affirm, that this making of the people to be the Consolidated Business Corporation is the next inevitable step in the march of democracy in its acquisition of supremacy over the whole social order.

When democracy acquired control of the government, it achieved the first step in securing control of the social order. When it acquired ownership and control of the public school and thereby secured control of Education, it took the next necessary step in supremacy. And now the people are demanding that they shall own and control the consolidated business corporation, and thereby acquire supreme control of the whole industrial world. When this step shall be achieved, democracy shall have taken the third great step in its enthronement over the whole social order. The achievement of this step, therefore, is as inevitable as the rise of tomorrow's sun. And it will prepare the way for the rapid enthronement of the people's will within the whole society of man.

We, therefore, appeal to all lovers of justice and fair-play, to all who believe that the people should be masters of their own affairs, to all who are dissatisfied with the present system of injustice and wrong, to all who believe in building up a just society on earth, and especially to the wage-earners, who, *by virtue of their numbers, their common interests and ability to organize, hold the key to the situation*,—to join the socialist party and work together in securing at once, such an amendment to the constitution of the several states and the United States, as shall put the foregoing plan of industrial reconstruction into immediate and successful operation.

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